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**HEADLINE:** TAPS launched to keep troops from being rooked

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## **BODY:**

Bombs, bullets and bad loans.

That's what more than a few who wear the uniform face these days.

The increasing number of financial scams and high-interest loans targeted at U.S. service members is causing the military and state and federal governments to strike back.

In Washington, Congress is considering bills that would tighten restrictions for loans and investments commonly marketed to military personnel.

Yesterday, California unveiled an educational and enforcement campaign called TAPS, or Troops Against Predatory Scams. The program's aim: to protect troops from getting rooked.

"Predatory lending" too often affects young and impressionable troops, said government and military leaders.

Service members are being lured into paying for investments that don't deliver the high returns promised, they contend. Many in the armed forces also take out short-terms loans carrying interest rates that would make a loan shark jealous -- more than 200 percent in some cases.

"Our people are young and inexperienced," Rear Adm. Jose Luis Betancourt, commander of Navy Region Southwest, said during a news conference at the 32nd Street Naval Station to announce TAPS. "It makes me angry that young people are getting trapped in these binds. It affects their family life and how they serve."

The Community Financial Services Association of America, a loan industry group, countered that its members are routinely under fire simply for offering a legal service that service members choose to embrace.

The association represents payday loan centers, which critics describe as providing quick and easy loans but charging significant fees.

In the past, the payday loan industry has been unfairly chastised for allegedly preying on the poor, women, blacks and Hispanics, said Steve Schlein, the association's spokesman.

"The one against the military is the attack of the quarter," he said.

It's easy for critics of the industry to score political points right now, Schlein asserted, because Americans are sympathizing with the tens of thousands of troops serving in the Middle East.

Schlein also questioned reports that payday loan centers are concentrated in military communities. Those tallies are skewed because they include stores that offer payday loans only as a small part of their overall business, he said.

And Schlein insisted that typical charges for a payday loan can be cheaper than the cost of bouncing a check or the penalty for missing a credit card payment.

"We stand behind our industry," he said.

Anecdotal evidence and surveys of troops prove otherwise, said the Department of Defense.

The 32nd Street Naval Station participated in a recent report by the Government Accountability Office that tried to get a handle on predatory loan practices and their effects on the military. The station was one of 13 military installations nationwide that conducted focus groups for the study.

Troop morale and readiness suffer when service members confront financial difficulties, the GAO noted. Those troubles are likely to mount because of many troops' repeated deployments to Iraq and Afghanistan, which increase stress levels and disrupt household patterns, the report said.

In a survey, the GAO found that 12 percent of respondents or their spouses had taken out a potentially predatory loan, such as one from a payday loan center.

For instance, for a \$300 loan that's to be repaid in a month, a payday store will typically charge \$45. That's an annual percentage rate of 215 percent, according to TAPS.

The highest concentration of payday loan stores in California is in Oceanside, near the sprawling Camp Pendleton. Most counties that house military bases have a higher concentration of such businesses, a national study showed.

Why?

Brian Wilson, 23, a lance corporal in the Marine Corps, might be one good reason.

At one point, he owed \$1,600 to payday loan centers. He would take out loans from one store to pay off those from another. At one point, he had loans with eight centers.

Yesterday, Wilson stopped at Marine Advance Pay in Oceanside. He took out money to pay the last \$150 he owed to another store on the same block.

The cycle began with a night of, well, excess.

"It started out where I was probably drunk and I needed more money. So I went to one of the cash advances to get more money to go back to the bar," Wilson said. "I just took out a bigger loan next and a bigger loan the next time. . . . I'm one of their favorite customers."

Getting out of debt has been difficult, Wilson said.

"I just stay in my room and exist right now," he said.

Yet Wilson won't criticize the payday loan centers.

"I caution against getting into a hole with it," he explained, "but it's a wonderful resource to have just in case something comes up."

Cameron Clark, 19, another Marine at Camp Pendleton, also took out a loan at Marine Advance Pay yesterday because he had sent money home and needed cash for himself. His fee for the two-week loan: \$17.

"I know a lot of people who use these places," Clark said. "A lot of Marines come here either because they blow all their money and need extra cash or they know they can come here and get a guaranteed loan without a credit check."

The state launched TAPS in an attempt to change that mentality.

The campaign, run by the Department of Corporations in conjunction with the GAO and Department of Defense, warns service members about being duped by investment companies with military-type names and employees who are former military personnel.

Some of the investment schemes include insurance plans that have poor coverage and high upfront costs, according to TAPS.

The program will offer financial tips to current troops and recruits during mandatory sessions at bases statewide. It will also provide free finance information online at www.corp.ca.gov.

The Department of Corporations has a toll-free hotline for people to check out a company's licensing status and credentials. That same phone number -- (866) 275-2677 -- can be used to register complaints about questionable loans and investments.

**GRAPHIC:** 1 PIC; CAPTIONS: Getting out of debt has been difficult, says Lance Cpl. Brian Wilson. The Camp Pendleton Marine once had loans with eight centers. (Eds. 1,2,7); PHOTOBY: K.C.Alfred / Union-Tribune

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